

# Congress of the United States

Washington, DC 20515

August 14, 2002

The Honorable David M. Walker  
Comptroller General  
U.S. General Accounting Office  
441 G Street, N.W.  
Washington, D.C. 20548

Dear Mr. Walker:

The Small Business Administration (SBA) recently announced that it has drawn up and intends to implement a 5-year plan to transform that Agency and its workforce to meet the modern demands of small businesses. The plan is based on the Administration's announced goals of creating an entrepreneurial climate in which small businesses can flourish and, thereby, continue to provide new jobs at a rate faster than big businesses and remain this Nation's leaders in innovation and technology. SBA recognizes that in the future it must address the needs of a growing number of small businesses in a more efficient manner and that the only true measure of success is actual benefits small businesses receive as the result of SBA's assistance.

The General Accounting Office (GAO) has undertaken previous studies of SBA and has extensive knowledge of the organizational challenges faced by that Agency. GAO recently completed in October 2001 a report (*Small Business Administration: Current Structure Presents Challenges for Service Delivery*, GAO-02-17, Oct. 26, 2001) requested by the Senate Committee on Small Business and Entrepreneurship and the House Committee on Small Business. Subsequently, on July 16, 2002, GAO testified before the House Subcommittee on Workforce, Empowerment and Government Programs, Committee on Small Business, on those structural changes identified by GAO in its October 2001 report and SBA's intentions with respect to addressing them. We appreciate the prior work that you have done with respect to SBA's organizational structure and we would like you to assist us again with respect to our oversight roles of ensuring that SBA is cost-effective and efficient in providing services required by statute to small businesses.

At the House hearing in July, SBA testified generally as to the contents of its 5-year Workforce Transformation Plan, but failed to provide in the plan a detailed blueprint for resolving all of the organizational problems raised in the October 2001 GAO report. As a first step in phasing in the plan, as presently devised, SBA intends to initiate a pilot or test program involving three district offices. We ask that you monitor and report to us on SBA's progress in implementing its transformation plan, including assessing the outcome of its district office pilots and any other pilot efforts.

In particular, we ask that you continue the work begun in your previous report and that you focus on all of the structural elements of the SBA, including the Office of Advocacy, but excluding the Office of the Inspector General. Your study and report should address and evaluate, but need not be limited to, at least the matters set forth below.

- (1) An evaluation of the how SBA resolves the problems that you identified in your previous work, e.g.: "ineffective lines of communication; confusion over mission of district offices; complicated, overlapping organizational relationships; and a field structure not consistently matched with mission requirements;"
- (2) An assessment of structural elements of SBA's organization that may be included or excluded from its present 5-year plan, such as the Washington Headquarters Organization, the Office of Entrepreneurial Development, the Office of Capital Access, and the Office of Government Contracting and Minority Enterprise Development;
- (3) An evaluation of the relationship of the Office of Advocacy, including its regional structure, to the other parts of SBA in terms of maintaining independence, performing its statutory responsibilities, and the delivery of services to small businesses that have regulatory or procurement problems;
- (4) An analysis of the proposed training of present and future employees as proposed by SBA, or as may be needed, to fit the organizational changes or to achieve maximum efficiency and delivery of services to small business;
- (5) An evaluation of the anticipated costs associated with the SBA's implementation of its 5-year plan, especially in light of proposed greater efficiency associated with that plan; and,
- (6) Such other matters that you deem appropriate in the course of your monitoring the progress and success of SBA's 5-year Workforce Transformation Plan.

Please contact Emilia DiSanto, Minority Staff Director for the Senate Committee (244-5175 and Phil Eskeland, Deputy Staff Director (225-5821) or Nelson Crowther, Counsel (225-7797) House Committee.

Sincerely,



Christopher S. Bond  
Ranking Republican  
Committee on Small Business  
and Entrepreneurship  
U.S. Senate



Donald A. Manzullo  
Chairman  
Committee on Small Business  
U.S. House of Representatives